DOCUMENT RESUME

ED 419 648 RC 021 511

AUTHOR	Poff, Raymond
TITLE	Adding Value through Program Integration: A Kayaking Model (Rental, Retail, Repair, Clinics and Outings).
PUB DATE	1997-11-00
NOTE	8p.; In: Aventuras en Mexico: Proceedings of the International Conference on Outdoor Recreation and Education (ICORE); see RC 021 504.
PUB TYPE	Reports - Descriptive (141) -- Speeches/Meeting Papers (150)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Ancillary School Services; *College Programs; Efficiency; Higher Education; *Integrated Activities; Models; *Outdoor Education; *Program Development; *School Recreational Programs; Staff Development
IDENTIFIERS	Brigham Young University UT; *Kayaking; *Value Added

ABSTRACT

Outdoor programs can offset initial investment costs in services and products by developing integrated program areas. The experience of Outdoors Unlimited, a recently created kayaking program at Brigham Young University (Utah), is provided as a model. The purchase of 11 kayaks for rental was followed by the introduction of retail sales, repair services, clinics, and outings, which allowed a synergistic approach to cutting costs, increasing income, offering expanded services, and increasing the quality of services rendered. The approach is compared to a bicycle wheel, with the rental kayaks comprising the hub and the retail, repair, clinics, and outings aspects serving as the spokes that strengthen the wheel. The retail boats stimulate additional rentals as people determine which boat to buy; accessories support the instructional clinics by providing supplies; educational books and videos round out the instructional experience; and a full-service repair shop brings customers into the store. Offering the clinics during the off-season maximizes the return on the initial investment, and the clinic students become the primary customers of the outings. Program integration has resulted in increased staff training and development. Staff participation in the clinics and outings instills a sense of accomplishment, increases morale, creates a common bond between staff, and increases staff's product knowledge. A knowledgeable, enthusiastic staff builds a positive reputation for the business and cultivates customer confidence and loyalty. Six figures depict the model and its financial benefits. (TD)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 419 648

ADDING VALUE THROUGH PROGRAM INTEGRATION: A KAYAKING MODEL (RENTAL, RETAIL, REPAIR, CLINICS AND OUTINGS)

By

Raymond Poff
Recreation Coordinator/Manager
BYU Outdoors Unlimited
1151 ELWC-BYU
Provo, UT 84602
(801) 378-3390

Robert Jones

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
This document has been reproduced as received from the person or organization originating it.
Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

ABSTRACT:

This paper addresses the subject of adding value to outdoor programs through developing integrated program areas. The integration of Rental, Retail, Repair, Clinics, and Outings (RRRCO), allows a synergistic approach to cutting costs, increasing income, offering expanded services, and increasing the quality of services rendered. A recently created kayaking program at Brigham Young University (BYU) Outdoors Unlimited will be used as a model. Although not all aspects of RRRCO are available to every program, integrating those possible can be beneficial.

Outdoor programs often make initial financial commitments to a service or product and then overlook the potential to expand it. A significant portion of program expenses are incurred in the service or product's initial costs. Further development of these can provide a greater return on the investment through the stimulation of additional interest, participation, and income. Integration helps foster education, staff proficiency, and a positive reputation among the campus community as a knowledgeable and reliable organization. Though integration is not a cure-all, it is a viable means to adding value to outdoor programs.

OUTDOORS UNLIMITED KAYAK MODEL:

To begin, I would like to introduce the 'model' that currently exists at BYU Outdoors Unlimited. During the eight years prior to August 1996, the program had two whitewater kayaks; they were sold in 1995. In August, five new kayaks were purchased for rentals; two months later we purchased six more. The next step was to purchase the necessary accessories to rent with the kayaks. We talked to other people, such as the University of Utah Outdoor Program, in an attempt to find the best products for the price and durability. Between outside recommendations and our experience, we chose the following accessories: North Shore standard sprayskirts, Perception split floats, Perception River Passage paddles, Pro-Tec full-cut helmets, and MTI Cruiser PFDs. I am happy to say that all of this equipment is holding up very well.

In April of 1997 we became a Perception retail dealer; a month later we became a Dagger dealer. This change prompted the purchase of six additional kayaks to serve as rental/demo boats to help round out our selection. Our rental inventory was then comprised of: Perception Whip-It, Whiplash, Pirouette, Pirouette S, Overflow, Super Sport (x2), Corsica Matrix, and Dagger RPM, Vertigo, Animas, Outburst, Crossfire (x2), and Freefall LT. These fifteen boats cover most ability levels and designs and give our customers a great selection to choose from.

For retail we purchased the following kayaks: Vertigo, RPM (x2), Outburst, Whip-It (x3), Animas (x2), Overflow (x2), Overflow (X), Pirouette (S), and Blast. To complement our boats, we purchased accessories from such companies as: Werner, Perception, MTI, Salamander, Lochsa Connection, PD Designs, and Orosi. We also purchased kayaking related books and videos for retail.

RC 021511

Instruction clinics were the next component that we added to our kayak model. We began offering a flatwater kayaking class that met for four, two-hour sessions at a local indoor pool. The class covered basic safety, dry & wet exits, bow rescues, forward and reverse sweeps, forward and reverse strokes, draw strokes, stern draws, and Eskimo rolls. The course cost $80.00 and was open to students and community members, as are all of our services.

The last part of our model is outings. We offered a kayaking trip in conjunction with one of our rafting trips. The cost was $69 and included transportation, food, and kayaking equipment. The trip included Class I-II+ water with plenty of flatwater between rapids for retrieval of swimmers. The participants felt that it was a worthwhile experience and I think that we will do more such trips in the future.

RRRCO INTEGRATION

The four components of this model work together to generate participation, income, education and training. I have termed the concept of integrating Rental, Retail, Repair, Clinics, and Outings as RRRCO. A bicycle wheel, as shown in Figure 1, can be used to illustrate the concept. A wheel is comprised of a hub, spokes, and rim. The hub is a primary component and is responsible for the integrity of the wheel. As you add spokes to the hub you begin to lace the rim. The more spokes, the stronger the wheel. In the BYU kayak model, I liken the rental kayaks to the hub. It is the primary element of the model and without it we would not have added anything else. The retail, clinics, and outings all serve as spokes to strengthen the integrated model.

Figure 1

Our program made an initial investment in purchasing kayaks for rental. This by itself would generate revenue for the program, but by utilizing the same investment for activities other than rentals, we have the opportunity for additional revenue. We use our rental kayaks for rentals, instruction clinics, retail boat demos, and outings.

Our retail boats and accessories help support our instructional clinics by providing supplies, such as noseplugs for the students. In addition, educational books and videos are available to help round out the students' instruction experience. The retail boats stimulate additional rentals as people try to determine what boat to buy.

The area of kayaking doesn't lend itself very well to repair services, but we do sell retrofit backbands and fit kits. We are also available to offer advice and assistance in installing these items. Repair does however play a major role in the rest of our operations. We offer a full service bicycle, ski, and snowboard repair shop. These services bring customers into our store, exposing them to additional services and products, consequently generating additional revenue.

Our clinics provide another opportunity for exposure to our program. We teach our clinics from 9 P.M. to 11 P.M. using boats in the off times. Many of our clinics are taught during the fall and winter when there is virtually no rental activity anyway. This allows us to maximize the return on our initial investment on our rental kayaks. If we didn't teach clinics, our kayaks would sit idle in our store for at least six months of the year. The clinics also promote accessory and kayak sales.

Though we only offered one outing this year, we can see the potential benefits from doing so. The students from our clinics are our primary audience and we have another opportunity to gain their confidence and loyalty. We use rental boats and promote an interest in purchasing kayaks. In addition, we hope to see an interest in kayaking generated in the rafting participants that are on the trip. Future outings will give us a better idea of the benefits of these outings in the RRRCO model.

VALUES AND BENEFITS

As the components of the RRRCO wheel work together to support each other, BYU Outdoors Unlimited realizes growth and benefits. These benefits can be categorized as: 1) Financial; 2) Staff Training and Development; and 3) Quality of service. Each outdoor program is different and may measure success differently. Some universities have asked their outdoor programs to offer as many services to students as possible with little or no concern for profit; other programs are asked to be self-supporting; and some are asked to do a little of both. With that in mind, much of the following data is financial, as BYU Outdoors Unlimited is often measured financially first and by service second.

Financial

There were three main areas to investigate to measure for financial success of the RRRCO model: 1) Rental Income; 2) Sales; and 3) Instruction Clinics. Note: The financial figures included in this paper are approximations.

Rental income was measured by examining: 1) Rental Frequency; 2) Income; 3) Expenses; and 4) Participation. During the eight years prior to implementing RRRCO, the program recorded a total of 155 kayak rentals, with a peak year of 41 rentals. Within the first twelve months of starting RRRCO, beginning August 1996, Outdoors Unlimited realized 101 kayak rentals, see Figure 2. These rentals include the use of kayaks for the clinics with one rental being assigned per student, per four week clinic. These 101 rentals were, in my opinion, a great indication of a successful program being started. During the first four months of the RRRCO year #2, Outdoors Unlimited recorded 67 rentals. Given the fact that three of these months include September, October, and November, which typically see no rentals, year #2 looks promising.

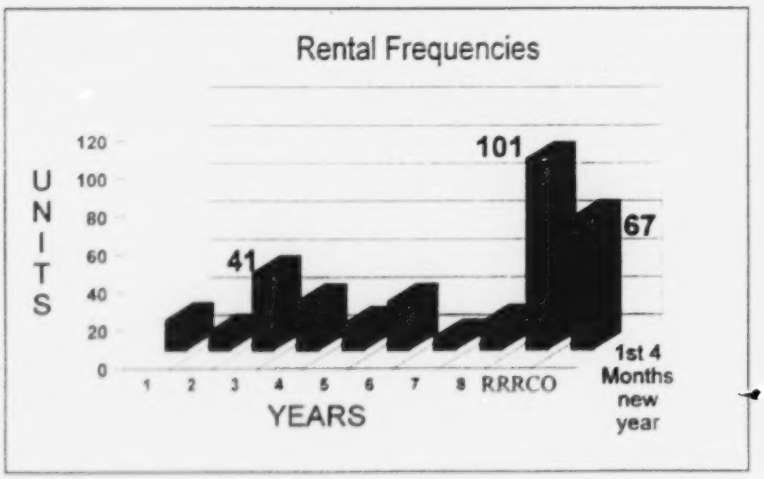


Figure 2

The rental gross income looked equally impressive. During the eight years prior to implementing RRRCO, the program recorded a total of $4,121 in kayak rentals, with a peak year of $1,071. Within the first twelve months of starting RRRCO, beginning August 1996, Outdoors Unlimited realized $3,177 in kayak rentals, as shown in Figure 3. During the first four months of the RRRCO year #2, Outdoors Unlimited recorded $1,960 in rentals. The frequency and gross income appear to show signs of success.

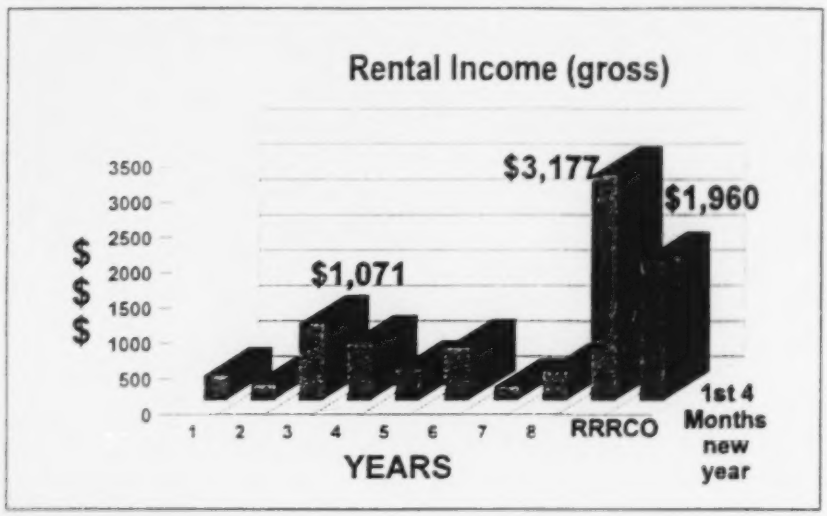


Figure 3

The next area that I looked at was a comparison of incomes and expenses. In addition, I attempted to make a realistic projection for the first three years of RRRCO in order to determine the break-even point. In this comparison I included: 1) Gross Rental Income; 2) Expenses; and 3) Overhead. Expenses included the price of the kayaks and their related accessories. For overhead, I used 25%, which is an approximate calculation for the kayaking equipment. Including overhead is a necessary part of evaluating the financial status of a given product or service. Some of the overhead for our program would include: rent, utilities, salaries and wages.

In making the projections I left the incomes and expenses at the same levels for years two and three. It is probable that the income will increase during these years allowing for an earlier break-even point. At the end of the three year period there was a projected profit of $1,100 from kayak rentals. Besides the $1,100 the program would have their rental kayaks and accessories paid for. The resale value of this equipment would be relatively close to the original purchase price because the equipment was purchased at significant discounts. From these figures, it appears as if the rental kayaks and accessories were a financially successful investment for the program.

	RRRCO #1	RRRCO #2	RRRCO #3
Gross $$$	$3,200	$4,000	$4,000
Expenses	$6,900	$200	$200
Overhead	$800	$1,000	$1,000
Run Total	($4,500)	($1,700)	$1,100

Figure 4

Some of our employees have now had the opportunity to teach in our clinics under the direction of a lead instructor who is certified by the American Canoeing Association (ACA). These staff members have done an excellent job for us and they enjoy sharing their new-found knowledge. Teaching usually helps the instructor as much or more than the student.

Quality of Service

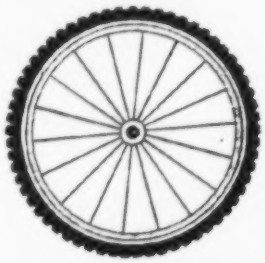
As mentioned earlier, the integration has produced a more knowledgeable staff. This knowledge is evident to the customer and helps us build a positive reputation with the campus and surrounding community. A good reputation does wonderful things for business.

Because of the integration, we now have a terrific selection of products available to our customer for rental or retail. There is no one else in the area that has the products that we do and the community knows of our wide selection. We are creating a 'One stop shopping' environment for kayaking related equipment. Perhaps we will win the loyalty of the kayak customer and they will utilize our other services as well.

RRRCO Integration has helped us to realize benefits financially, through staff training and development, and by an increase in the quality of service that we offer to our customer.

APPLYING THE MODEL

With the background of the BYU Model, a look at the values and benefits, it is now time to discuss the process of applying these principles in other outdoor programs.



The first step in doing this is to identify a 'hub'. This hub is the initial service or product that you want to expand in your outdoor program. Here are a few ideas of ways to come up with that hub. Look for items in your program that typically just sit around during their off season, like our rental kayaks. Perhaps you could search for products that you have made a significant initial investment in. Doing this may help you expedite the process of recovering your costs. Maybe there is a large quantity of a product in your program that never goes out and you would like to increase its usage. And last of all, maybe there is something that you would like to promote just because of your interest in it.

With the hub selected, it is necessary to determine how much time and effort that your outdoor program is willing to invest in the expansion of service or product. This decision may be influenced by the amount of money and/or time that is available to you. A larger return on a product often requires a larger allocation of time and resources.

Then select what aspect of the RRRCO Model that you want to use: Rental, Retail, Repair, Clinics, or Outings. Each program will have different circumstances to work with. It is my feeling that trying one area at a time is probably a wise decision. The BYU example happened very quickly and could easily have been less successful. After selecting the RRRCO aspect, give it a try.

Re-evaluate your progress as you go along. As indicated by the projections, our rental kayaks will take about three years to pay for themselves. Understand that some projects yield quick results and others take longer. It you feel successful in your RRRCO integration, select another aspect and follow the process again. You will get a feel for what it successful for you program. After expanding a hub, you will eventually reach the limit for that product. That's OK. Look around for another 'hub' and expand.

The next area to examine was retail kayak sales. This paper does not have the retail accessory sales included which would have helped paint a more accurate and positive picture of the financial figures. As shown in Figure 5, there were $4,930 in gross retail kayak sales. The Cost of Goods Sold was $3,545; the Overhead was $1,232; leaving a Net Income of $152. Through not measured, I know that having the kayaks in the store, has brought people in who would not have normally come and they have spent money on goods and services not related to kayaking.

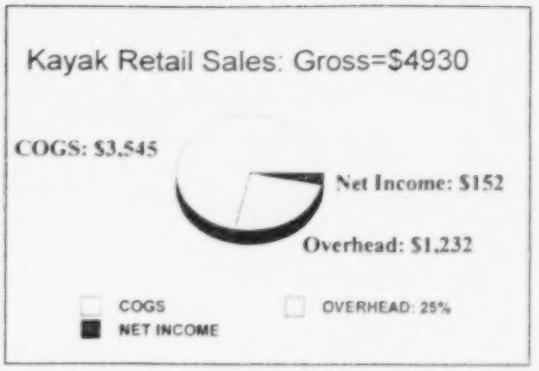


Figure 5

Our instructional clinics have also generated income. Figure 6 includes data from three classes taught by Outdoors Unlimited, fees collected by employees taking the clinics at reduced rates, and kayak rental income from clinics external to our program. In Figure 6, the initial income is shown and then the expenses are subtracted out for pool time, instructors, etc.. Then our rental accounts are given credit for the kayak rentals from the clinics, our program clearing about $436 in instruction fees from teaching three clinics.

The financial data seems to indicate that the RRRCO model has been worth our time and money. We are generating additional income for our program and are projecting positive growth.

- Three kayaking clinics; 20 Students @ $80
- $100 employee class fees

Income:	**$1700**
Expenses:	**$ 784**
sub-total:	**$ 916**
Kayak Rental:	**$ 480**
NET INCOME:	**$ 436**
Other rentals:	**$ 768**
	$1204

Figure 6

Staff Training and Development

Financial returns on an investment are often easier to measure than is the value of training and development. We have noticed about four key points that come about because of our RRRCO Integration. The first is an increased product knowledge among our staff. Before integrating the staff had a basic understanding of the procedures for renting out the kayaks. Because we are so involved with kayaking now, our staff knowledge has greatly increased. Many of our staff have taken our clinics and spent time kayaking on the river this past summer. When a customer comes into the shop to rent or buy a kayak, the staff members are able to answer questions and share personal preferences for kayak designs.

This knowledge and involvement allows for a transfer of enthusiasm from the staff member to the customer. The customer can tell that the staff enjoys the sport and is knowledgeable. This leads to increased customer confidence and enthusiasm.

By taking the clinics, staff can gain new skills and further develop the skills that they already possess. Kayaking can be a challenging activity for people to learn and there is often a sense of accomplishment after completing a clinic and learning these skills. This sense of accomplishment is beneficial to the morale of the employees and creates a common bond between them.

CONCLUSION

I hope that I have illustrated how outdoor programs can add value through developing integrated program areas. RRRCO can help program directors increase income, offer expanded services, and increase the quality of services that they are delivering to the customer. The BYU Kayak Model or RRRCO, provides an example of what one program has done with integration. It is not my intention to suggest that RRRCO will work in every situation, but it will be helpful in many.

RRRCO can help offset the initial investment cost that outdoor programs make in services and products by increasing the income produced from them. This process also provides opportunity for staff training and development. RRRCO enhances the reputation of outdoor programs in the campus and surrounding community.

Raymond Poff
Recreation Coordinator/Manager
BYU Outdoors Unlimited
1151 ELWC-BYU
Provo, UT 84602
(801) 378-3390
Raymond_Poff@byu.edu